The Public Schools
Finance Board

Annual Report
The Year Ended June 30, 2006

Manitoba

2008-01991/

MINISTER OF EDUCATION, CITIZENSHIP AND YOUTH

Room 168
Legislative Building
Winnipeg, Manitoba R3C 0V8
CANADA

His Honour the Honourable John Harvard, P.C., O.M.
Lieutenant-Governor of Manitoba

Your Honour:

I present herewith the annual report of the Public Schools Finance Board for the fiscal year ending June 30, 2006.

Sincerely,

Honourable Peter Bjornson

Manitoba

Education, Citizenship and Youth
The Public Schools Finance Board
506 – 1181 Portage Avenue, Winnipeg, Manitoba R3G 0T3
T 204-945-0205 F 204-948-2001

December 11, 2006

Honourable Peter Bjornson
Minister of Education, Citizenship and Youth
168 Legislative Building
450 Broadway
Winnipeg, Manitoba R3C 0V8

Dear Sir:

Pursuant to Section 13 of *The Public Schools Finance Board Act*, on behalf of The Public Schools Finance Board, I have the honour of submitting the attached document for your review and consideration.

This annual report of The Public Schools Finance Board is for a twelve-month period ending June 30, 2006.

Yours sincerely,

G. Farthing

Gerald Farthing
Chair
Public Schools Finance Board

Office of the Auditor General

500 – 330 Portage Avenue
Winnipeg Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors

We have audited the statement of financial position of The Public Schools Finance Board as at June 30, 2006 and the statement of revenue and expenditure and education support fund and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
November 10, 2006

PUBLIC SCHOOLS FINANCE BOARD

MANAGEMENT REPORT

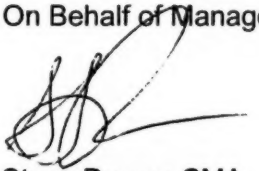
The accompanying financial statements are the responsibility of management and have been prepared in accordance with the accounting policies stated in the financial statements. These accounting policies have been applied on a basis consistent with the prior year. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to November 10, 2006. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information. These internal controls also provide for the safeguarding of the Board's assets.

The responsibility of the Auditor General and her staff is to express an independent, professional opinion on whether the financial statements are fairly stated in accordance with the accounting policies stated in the financial statements. The Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

The Board has reviewed and approved these financial statements and the Annual Report in advance of its release and has approved its content and authorized its release.

On Behalf of Management



Steve Power, CMA

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Financial Position
As at June 30, 2006

	2006	2005
	(in thousands of dollars)	
Assets		
Cash	$ 1,539	$ 1,425
Funds on deposit with the Province of Manitoba	204	252
Accounts receivable:		
Province of Manitoba	12,170	-
Municipal corporations - Education Support Levy	73,257	87,125
Other	632	624
	$ 87,802	**$ 89,426**
Liabilities and Education Support Fund		
Support payable to school divisions	$ 3,548	$ 4,479
Accrued interest	972	830
Funds advanced from the Province of Manitoba	-	1,448
Notes payable on demand, at bank prime, Province of Manitoba	76,219	79,021
Other payables	198	183
	80,937	**85,961**
Education Support Fund	**6,865**	**3,465**
	$ 87,802	**$ 89,426**

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Revenue and Expenses and Education Support Fund for the year ended June 30, 2006

	2006	2005
	(in thousands of dollars)	
Revenue:		
Province of Manitoba - Funding of Schools Program	$ 726,807	$ 664,151
Municipal corporations - Education Support Levy	131,486	156,948
Sale of school properties and miscellaneous revenue	-	209
	858,293	**821,308**
Expenses:		
Operational support program (Note 3)	799,907	779,647
Capital support program (Note 4)	52,166	42,380
Administrative and other expenses (Note 5)	2,820	3,035
	854,893	**825,062**
Excess (deficiency) of revenue over expenses	**3,400**	**(3,754)**
Education Support Fund		
Balance, beginning of year	3,465	7,219
Balance, end of year	$ **6,865**	$ **3,465**

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Cash Flow
for the year ended June 30, 2006

	2006	2005
	(in thousands of dollars)	
Cash Flows from Operating Activities:		
Excess (deficiency) of revenue over expenses	$ 3,400	$ (3,754)
Changes in working capital:		
Accounts receivable:		
Province of Manitoba	(12,170)	15,427
Municipal Corporations - Education Support Levy	13,868	17,611
Other	(8)	(396)
Prepaid expense	-	179
Support payable to school divisions	(931)	428
Accrued interest	142	(391)
Other payables	15	60
	4,316	29,164
Cash Flows from Financing Activities:		
Funds advanced from the Province of Manitoba	(1,448)	1,448
Notes payable on demand, at bank prime, Province of Manitoba	(2,802)	(34,669)
	(4,250)	(33,221)
Net increase(decrease) in cash	66	(4,057)
Cash - beginning of year	1,677	5,734
Cash - end of year	**$ 1,743**	**$ 1,677**
Consisting of:		
Cash	$ 1,539	$ 1,425
Funds on deposit with the Province of Manitoba	204	252
	$ 1,743	**$ 1,677**

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements

As at June 30, 2006

1. Nature of the Board's operations

The Public Schools Finance Board was established by the Public Schools Finance Board Act in April, 1967.

The Board is responsible for receiving all monies paid to the Education Support Fund for the financing of public schooling in Manitoba. It administers the capital support program including the determination and the disbursement of all capital grants provided to Manitoba school divisions under the Program. The Board also issues payments to Manitoba school divisions under the operational support program in amounts as determined by the Minister of Education, Citizenship and Youth.

The Public Schools Act and its Regulations govern the Education Support Fund.

2. Significant Accounting Policies

(a) The financial statemements of the Board have been prepared in accordance with Canadian generally accepted accounting principles.

(b) The Education Support Levy is assessed against municipal corporations on a calendar year basis. The Board applied 40% of the 2005 levy to the July to December period and 60% of the 2006 levy to the January to June period.

(c) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

(d) The Board's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable, accrued liabilities and notes payable. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

3. Operational support program

	2006	2005
	(in thousands of dollars)	
Instructional Support	$ 316,959	$ 316,160
Sparsity Support	11,754	11,804
Curricular Materials	9,466	8,690
Information Technology	6,885	6,952
Library Services	15,834	15,982
Level I - Special Needs	46,126	46,055
Counselling and Guidance	11,525	10,544
Professional Development	6,437	6,107
Occupancy	81,410	78,813
Transportation	39,574	37,194
Board and Room	816	811
Special Needs	78,255	70,468
Senior Years Technology Education	8,120	8,667
English as a Second Language	4,400	4,021
Aboriginal Academic Achievement	6,957	6,235
Heritage Language	229	229
French Language Programs / Instruction	5,803	5,780
Students at Risk	12,325	12,333
Small Schools	1,845	1,846
Enrolment Change Support	4,734	3,315
Remoteness Allowance	5,024	5,069
Early Behaviour Intervention	1,887	1,912
Early Childhood Development Initiative	1,354	667
Early Identification	-	249
Early Literacy Intervention	6,118	6,063
Early Numeracy	858	891
Programme d'accueil	-	-
Equalization Support	110,167	108,135
Adjustment of previous years' support to school divisions from estimated to actual	576	287
Amalgamated School Division Guarantee	1,383	1,862
Miscellaneous (Pipeline)	(88)	(88)
Vocational Equipment Replacement	2,200	2,200
Vocational Equipment Upgrade	974	394
	$ 799,907	**$ 779,647**

4. Capital support program

	2006	2005
	(in thousands of dollars)	
Capital grants:		
Major school construction	$ 46,409	37,436
Minor capital projects	336	193
School buildings "D" support	5,007	4,400
Environmental assistance program	386	333
Air and water quality program	28	18
Total capital support program	**$ 52,166**	**$ 42,380**

5. Administrative and other expenses

	2006	2005
	(in thousands of dollars)	
Board administration:		
Staff salaries	$ 805	$ 762
Service agreement	169	169
Professional services	72	139
Board members' indemnities	67	81
Meetings and travel	40	36
Desktop management	49	43
Rent	40	39
Printing, stationery, postage and supplies	45	35
Telephone and fax	10	11
Computers, software and minor equipment	26	21
Total board administration Expenses	**1,323**	**1,336**
Interest charges on notes payable to the Province of Manitoba	**1,497**	**1,699**
	$ 2,820	**$ 3,035**

6. Commitments

As at June 30, 2006, the Board had commitments of $444,915 (2005 - $684,751). The amount of $444,915 as at June 30, 2006 (2005 - $684,751) is committed from the Education Support Fund balance.

7. Related party transactions

The Board is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Board enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

8. Pension costs and obligations

The Board's employees are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for Board employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, the Board reflects no provision in the financial statements relating to its participation in the pension plan.